



21st
ANNUAL
REPORT
2000-2001



DECCAN CEMENTS LIMITED



Board of Directors

Directors

M B Raju
A C Motwani
Umesh Shrivastava
K Gangi Reddy
D R K Rao
P Venugopal Raju
P Parvathi

Chairman
(IDBI Nominee)

Managing Director

Senior Executives

G R Ram
K Mohan Rao
P J Reddy
C Natarajan
R Gopalakrishnan

Sr. Vice President (C)
Vice President (M)
Vice President (W)
General Manager
General Manager (Legal) &
Company Secretary

Auditors

M Bhaskara Rao & Co.
Chartered Accountants
5-D, Fifth Floor, 'KAUTILYA', 6-3-652,
Somajiguda, Hyderabad - 500 082.

Bankers

State Bank of India
Andhra Bank
State Bank of Travancore

Registered Office

'DECCAN CHAMBERS'
6-3-666/B, Somajiguda,
Hyderabad 500 082.
Tel: 3310561, 3310168. Fax: 3318366

Cement Factory

Bhavanipuram
Mahankaligudem 508 218
Nalgonda District, Andhra Pradesh

Hydel Power Project

GBC - I, Head Regulator
Nekarikallu Adda Road,
Narasaraopet 522 601
Guntur District, Andhra Pradesh

Wind Farm

Polepalli Village, Ramagiri Mandal
Ananthpur District, Andhra Pradesh

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NOTICE

Notice is hereby given that the **TWENTY FIRST ANNUAL GENERAL MEETING** of the Members of **DECCAN CEMENTS LIMITED** will be held on Tuesday, the 31st day of July, 2001 at 10.00 AM at **"Bhaskara Auditorium"**, Birla Museum, Adarsh Nagar, Hyderabad - 500 063, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2001, the Audited Balance Sheet and the cash flow as at that date and the Directors' and the Auditors' Report thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri D R K Rao, Director, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri P Venugopal Raju, Director, who retires by rotation and is eligible for re-appointment.
5. To appoint M/s.M Bhaskar Rao & Co., Chartered Accountants as Statutory Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications, the

following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions if any, of the Companies Act, 1956 the Articles of Association of the Company be altered by adding and inserting after the existing Article No.63A the following new Articles 63B and 63C alongwith headings.

63B - NOMINATION

- 1) Notwithstanding anything contained in this Article, every holder(s) of shares in or holder(s) of debentures in or holder(s) of fixed deposits in the Company, holding singly or jointly, may at any time, nominate a person in the prescribed manner to whom the shares and / or the interest of the member in the capital of the Company or debentures or fixed deposits of the Company shall vest in the event of his / her death. Such member may revoke or vary his / her nomination, at any time, by notifying the same to the Company to that effect. Such nomination shall be governed by the provisions of Section 109A and 109B of the Act or such other regulations governing the matter from time to time.
- 2) Where the nominee is a minor, the holder of the shares or debentures or fixed deposits of the Company can make the nomination in the manner prescribed under the Act, to appoint any person to become entitled to the shares or debentures or fixed deposits concerned in the event of death of the holders of the shares/debentures/fixed deposits during the minority of the nominee.



63C DEMATERIALISATION OF SHARES:

a. Definitions:

"DEPOSITORY" means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992.

"SECURITY" means such security as may be specified by the SEBI.

"MEMBER" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a beneficial owner in the records of the Depository.

"REGISTERED OWNER" means a depository whose name is entered as such in the records of the Company.

"RECORD" includes the records maintained in the form of books or stored in a computer or in such other forms as may be determined by the regulations issued by the Securities and Exchange Board of India in relation to the Depositories Act.

"BENEFICIAL OWNER" means a person whose name is recorded as such with a Depository.

b. Company to recognise interest in Dematerialised Securities under Depositories Act:

Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in Electronic form and the certificate in

respect, thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or reenactment thereof.

c. Dematerialisation/Rematerialisation:

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialise existing securities, rematerialise its securities held in depositories and / or offer its fresh securities in the dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.

d. Option to receive security certificate or hold securities with Depository:

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificates or hold securities with a depository. Where a person opts to hold a security with a depository the Company shall intimate such depository the details of allotment of the security and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of that security.

e. Securities in fungible form:

All securities held by a Depository shall be dematerialised and in fungible form. No certificate shall



be issued for the securities held by the Depository. Nothing contained in Section 153, 153A 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

f. Rights of Depositories and Beneficial Owners:

Notwithstanding anything contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial owner save as otherwise provided above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it. Every person holding securities of the Company and whose name is entered as a Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

g. Register and Index of Beneficial Owners:

The Company shall cause to be kept a Register and Index of Members with details of shares and debentures held in material and dematerialised forms in any media as may be permitted by law including any form of electronic media. The Register

and Index of Beneficial owners maintained by a Depository under the Depositories Act shall be deemed to be a Register and Index of Members for the purpose of this Act. The Company shall have power to keep in any state or country outside India a Branch Register of Members resident in that state or country.

h. Service of documents:

Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

i. Transfer of Securities:

The Company shall keep a register of transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmissions of any share held in material form. Nothing contained in these articles shall apply to transfer of securities held in a Depository.

j. Distinctive number of securities held in a Depository:

The share in the capital shall be numbers progressively according to their serial denomination provided however that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future, or issued in future in dematerialised form. Except



in the manner herein before mentioned, no share shall be subdivided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

*By Order of the Board
for **DECCAN CEMENTS LIMITED***

*R. Gopalakrishnan
General Manager (Legal) &
Company Secretary*

Registered Office:

6-3-666/B,
'Deccan Chambers',
Somajiguda,
HYDERABAD : 500 082

Dated : 13.06.2001.

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend instead of himself/herself and such Proxy need not be a member of the Company. Proxies in order to be effective should be received by the Company at its Registered Office not less than 48 hours before commencement of the meeting.
2. Members are requested to notify immediately any change in their address to the Company's Registered Office with their Folio Number(s) / respective Depository Participant(s).
3. The Register of Members and Share Transfer Books of the Company will be closed from 25th July, 2001 to 31st July, 2001 (both days inclusive).
4. Payment of dividend on shares, if declared at the meeting, will be made to those members whose names appear on the Company's Register of Members on 31st July, 2001.

5. Shareholders holding Shares in identical order of names in more than one folio, are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.
6. a) Under the provisions of Section 205A of the Companies Act, 1956, the Company has already transferred all unclaimed dividends upto and including the Financial Year ended 31st March, 1995. Hence, the members are advised to approach the Registrar of Companies, Andhra Pradesh, Kendriyasadan, Koti, Hyderabad-500 001 to claim the dividend up to the said period.
b) Pursuant to the provisions of Section 205C of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 1996 and thereafter, which remains unpaid or unclaimed for a period of 7 years will be transferred to the "Investor Education and Protection Fund" of the Central Government. Members are advised to write to the Company at the Regd. Office to claim the dividend.
7. Stock Exchanges:
a) The Company's shares are listed with Hyderabad (Regional) 3-6-275, Himayat Nagar, HYDERABAD - 500 029 and Mumbai Stock Exchange Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 023.
b) The Annual Listing Fee for the year 2001-2002 has been paid in time as per Clause 38 of the Listing Agreement to Stock Exchanges at Hyderabad and Mumbai.
8. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.



**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT PURSUANT TO
SECTION 173(2) OF THE COMPANIES ACT,
1956**

ITEM NO 6:

The Companies Act, 1956 has been amended providing for nomination facilities to Shareholders, Debenture holders and Fixed Deposit holders. It is proposed to alter by way of insertion in the Articles of Association in respect of nomination. As per directions of SEBI, the Company's Shares are to be traded in compulsory demat with effect from 28th May, 2001. The Company has already taken steps for the above. It is now proposed to alter the Articles of Association to include

the facility of dematerialisation of Shares and related matters.

A Special Resolution at item no.6 of the notice is required to be passed to alter the existing Articles of Association and accordingly the Board commend the resolution for your approval. None of the Directors of the Company is concerned or interested in the proposed resolution.

Inspection of Documents

A copy of Memorandum and Articles of Association may be Inspected at the Registered Office of the Company during working day/hours.

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DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the Twentyfirst Annual Report together with the Audited Accounts and Cash Flow Statement for the year ended 31st March, 2001.

Financial Results

The Financial results for the year ended 31st March, 2001 are summarized below :

	April, 2000 March, 2001 Rs.in Lakhs	April, 99 March, 2000 Rs.in Lakhs
Sale Income	6984.94	5419.58
Other Income	78.77	86.64
Total	7063.71	5506.22
Profit before Depreciation, Diminution in value of investments and interest	1393.97	1148.21
Less: Depreciation	319.00	254.61
Diminution in value of investments	--	513.20
Interest	320.07	281.95
Profit for the year	754.90	98.45
Provision for Taxation	83.40	0.59
Profit after Taxation	671.50	97.86
Prior Year adjustments	(1.16)	(2.22)
Profit brought forward from previous year	670.34	320.45
Profit available for appropriation	905.95	416.09
Appropriations		
Proposed Dividend	175.09	--
Interim Dividend	--	140.07
Dividend Tax	17.86	14.01
General Reserve	100.00	25.00
Balance retained	613.00	235.61

Review of Operations and outlook

Cement Industry continues to be under pressure due to over capacity, inadequate demand from Government/Government Agencies, and competition for market share. These have resulted in mixed trend and varying margins. Several Corporates with a view to focus on their core business activity have promoted special purpose vehicle to spin off their Cement Companies. International Cement Players are trying to enter the Indian Cement Market in this situation and the phase of consolidation of cement industry is still on. New capacities are being added by Companies to meet market competition and in anticipation of demand. The out look for the Cement Industry although appears good would depend on Government/Government Agencies Expenditure on implementation of infrastructure projects as planned.

The overall performance of the Company for the year (2000-2001) was good. The performance of Cement division was better compared to previous year. The scheme of expansion of installed capacity of Cement Plant from 198000 TPA to 297000 TPA stabilised and contributed to the performance of the Company.

The Power divisions viz., Hydel at GBC, Narasaraopet and the Wind Farm at Ramagiri have also contributed significantly and should continue to do this year also, barring any unforeseen circumstances.

Setting up of the Slag Cement Plant:

The Company has embarked on the scheme of setting up of a Slag Cement Plant adjacent to the present Cement Plant site with capacity of 3,00,000 TPA at an estimated cost of Rs.25 Crores. This would further improve product mix of the Company as it would be possible to offer Cement as per user requirements with



different types/percentage of clinker and slag. The Company has initiated action for implementation of the project which will be completed by March, 2002.

Dividend

Your Directors are pleased to recommend for your consideration a dividend of Rs.2.50 per Equity share for the year ended 31st March, 2001 which would entail a Cash outflow of Rs.175.09 lakhs as Corporate Dividend and Rs.17.86 lakhs as dividend tax aggregating Rs.192.95 lakhs.

Fixed Deposits

The aggregate amount of deposits accepted by the Company stood at Rs.203.11 Lakhs and matured and unclaimed deposits as on 31st March, 2001 were Rs. 0.52 Lakhs.

Insurance

The properties of the Company including its buildings, plant and machinery and stocks wherever necessary and to the extent required have been adequately insured.

Corporate Governance

In terms of listing agreement with Stock Exchanges at Hyderabad / Mumbai the Company is required to comply with the Corporate Governance Provisions by 2001-2002. Although not required to be followed this year, steps have been taken by the company towards complying with the requirements.

The Board has constituted an Audit Sub-Committee with Shri D R K Rao, Mrs. A C Motwani and Shri P Venugopal Raju, Directors as members.

Directors Responsibility Statement

Pursuant to provisions of Section 217 (2AA) of the Companies (Amendment) Act 2000,

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) that the directors had prepared the annual accounts on a going concern basis.

Directors:

Pursuant to the provisions of Section 255 and 256 of the Companies Act, 1956, Shri D R K Rao and Shri P Venugopal Raju Directors retire by rotation and are eligible for reappointment.

Statutory Auditors

M/s M Bhaskara Rao & Company, Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the Annual General Meeting and are eligible for reappointment.

Energy, Technology and Foreign Exchange:

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the



Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto (Annexure I) and forms part of this report.

Particulars of Employees

The particulars required pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended are given in the statement annexed hereto (Annexure II) and forms part of this report.

Industrial Relations

During the period, industrial relations continued to be cordial. Your Directors wish to place on record their appreciation for the dedicated services of its employees for its success.

Acknowledgement

The Board expresses its grateful thanks to the Industrial Development Bank of India, The State Bank of India, The Andhra Bank, The State Bank of Travancore, the Debenture Trustees (The Industrial Finance Corporation of India Ltd and The Centbank Financial & Custodial Services Ltd), Transmission Corporation of A.P.Ltd., Power Distribution Companies, NEDCAP and various other Departments of the State and Central Governments for their valuable guidance and assistance to the Company.

For and on behalf of the Board

*Hyderabad
Date : 13th June, 2001*

M B Raju
Chairman

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

Disclosure of particulars with respect to conservation of energy, Technology absorption and foreign exchange earnings and outgo as required under Companies (Disclosure of particulars in the Board of Directors' Report) Rules, 1988.

A. Conservation of Energy

- a) *Energy Conservation measures taken:
Conservation of energy continues to be accorded high priority.*
- b) *Additional investments and proposals, if any, being implemented for reduction of consumption of energy.*

The Company has plans to improve the existing Pyro-process system and thereby to conserve thermal and Electrical Energy.

- c) *Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:*

The power consumption per tonne of cement produced would be reduced.

- d) *The total energy consumption and energy consumption per unit of production.*

The above information is given in the prescribed form A annexed.